

November 27, 2012

The Special Meeting of the Lehighon Borough Council was held in the Municipal Building on Tuesday, November 27, 2012. The meeting was called to order at 7:30 p.m. by President Grant Hunsicker. Members in attendance were: George Kogut, Darryl Arner and Scott Rehrig.

Officials in attendance were: Borough Manager Nicole Beckett, Treasurer Kira Michalik, Borough Secretary Brenda Koons and Mayor Donald Rehrig. Absent: John Kreitz, Bessie Bauchspies. Late: John Bird.

Pledge of Allegiance

Budget Discussion

The borough manager said council received a very detailed budget pack. She did provide a Sewer Fund budget. As far as the Fire Construction Fund she will have that with the bids but said this does not have to be adopted with our budget.

She formatted the budget differently this year to show the increases and decreases in each area. The budget she had presented had a total General Fund expense increase of \$114,000 less the increase in revenue resulting in a 1 mill tax increase. This did not include all the capital projects that council discussed throughout the year. This includes the fountain, Baer Memorial upgrades, the lower park project, the generator at the Rec Center, the Rec Center addition, the paving of the pool parking lot, the building maintenance for the Annex, Fire Station #2 and Borough Hall, an equipment analysis nor the full-time double shift for the police department. These were the items that had come to the table throughout the year and they were not in this budget. Nicole wanted to address this with Council because some had definitely brought interest.

Nicole said she broke down the different departments. Council, administration and borough hall is 8% of the General Fund budget. Police is 29%. Fire is 8% and Zoning is 1%. Public Works in the General Fund only is 12% and Recreation is 7% and the Annex is 6% and the employee benefits are 11%.

Councilor Rehrig said he is not in favor of increasing taxes so if some projects have to be put on the shelf or a layoff in the police department which seems to be the biggest thing then it seems we have to do it unless there is room to cut some more.

Nicole said she was prepared for this and reduced the 1 mill tax increase to .3 of a mill which equals about \$25,000, so she would need to find another area to cut. Doing this leaves us bare bones with no wiggle room if a major project comes up. We will not have the funds for it.

Nicole asked Councilor Kogut for his feelings on the projects and explained that they are not part of the numbers. George said he does understand the need to rein in spending and try to maintain taxes at their current levels but everyone needs to understand that he is trying to offer new opportunities and also trying to keep a hard line on spending. Maybe there are other routes to entertain here to expand the Rec Center and some of the other

areas. Maybe there are other avenues that we haven't approached yet. He thinks we have been looking at grants and internal funding but maybe we need to go outside. Maybe we need to look to private investors, state or federal programs. If it takes having a meeting with the state senators or reps, Councilor Kogut is all for it and is willing to go and talk with them.

The borough manager said she was going to attend the seminar they had discussed on Thursday on Recreation Funding. We can apply and see what happens but it won't come in until the 2014 budget.

Councilor Kogut feels that if we look for innovative ways to approach some of the projects discussed during the year there may be a way to fund a few of them. It might be as simple as joining with another borough on a project. He then asked the borough manager to give him a Reader's Digest version of a few budget items as this is his first budget as a councilman. He wants to know how she came to her calculations.

The borough manager said we will follow the historical data and look at our projections, our current numbers and see where we stand. Then we met with each department head and reviewed their requests and reviewed their budget vs. actual, looked at their needs and wants and then placed those numbers in there accurately. Obviously the insurances and vehicle fuel we have some sort of a feel for based on historical data.

President Hunsicker asked about the Highway Aid being \$48 of projected revenue. Nicole said that is for October to December of this year. It is an interest bearing account with no deposits going in there.

Nicole took the Codification of Ordinances next. The borough has all the ordinances available electronically and we contract with General Code to do so. We had spent \$8,200 in 2009, \$1,200 in 2010 and \$5,600 in 2011. That is all based on how many ordinances/resolutions are adopted by council and the start up. In 2011 we were probably playing catch up getting them all within the online system and getting our books codified. If you look at this year, as of 9/30/2012 we have only spent \$1,200 and we are expecting another say \$500 because we will be sending the year end up date in. There really have not been a lot of ordinances this year. Can she project what council is going to adopt next year? Kind of. She doesn't know for sure so she likes to keep the number consistent with the expenses.

Councilor Rehrig said the 20% figure extracted from the power fund has been the standard figure for a good many years and that worries him. We are going to do a project in the borough that will cost \$3.5 million. We already placed 2 mills of tax on the general populous and we don't even have the bids in front of us. The intent is to house equipment and not build a club. We have been sitting down with the power company and now the expense has to be higher than it was before. There are 500 people in this community that leave their cars sit out all the time and he does not feel we should take upon 2 projects that are going to be a large sum of money. He doesn't think we should put ourselves out on a limb and say business as usual because we are the ones responsible. If we are going to give raises, how are we going to answer the question of why we are putting taxes up? There are people who have worked for 20 years that get 3%, 4%, or 5% and they are happy with it. He feels we

have to be cautious. Just because we have "x" amount of dollars in a fund that produces revenue each year we shouldn't deplete it. What are we going to have if we use it all and then have to go look for money. The borough manager said the L&P project is just being carried over. It has been on the budget since 2007. We are just carrying it into this year's.

Councilor Rehrig said that we are told we need this; we need that and we go out and spend large sums of money and the things they replace are still sitting there and they still run. If we get \$2,000 for it get rid of it. Why is it still sitting there? We could all go jump in a truck tonight, put a plow on it and plow snow with the trucks that are still sitting there that we were told weren't any good. It doesn't really make sense. He doesn't think we are in the business of stockpiling equipment to sit on the side of a building. He also doesn't think we are in the business of having police cars that we don't need. He doesn't think we are in the business of touring Lehighton and should be more prudent in how we spend money for gas.

Councilor Kogut asked how the budget projection for 2013 compares to say what happened in 2012 or 2011. The borough manager said that 2012 & 2013 were very, very similar as far as expenses. There was not too much that was major that had changed. The revenue was expected to be up \$51,000. The expenses were \$114,000. The difference between the revenue and expense is where we come right around that mill. One of our mills is worth \$80,000. Councilor Kogut asked what caused the discrepancy. Nicole said personnel is an issue, vehicle fuel is an issue. Worker's comp and liability insurance had gone up and building repairs and maintenance are definitely an increase. Service contracts for some of the buildings had been increased. Some debt repayment has increased. It is a variety of things.

Councilor Rehrig asked if Nicole had the sheet with the employees in each department on it and was told yes. He said when he came on council there were 7 full time police and now we are up to 9. The formula incorporated into municipalities/townships, etc. is 1 officer per 2,000 residents. Our population is about 6,200 residents which means we need 3 1/4 police officers. Councilor Rehrig has always believed that the more police officers we put on the street the better the service we would get but he doesn't see that happening. We still cannot maintain 3 shifts with 2 people on a shift with 9 people. Another pet peeve of Councilor Rehrig's is that 4 years ago we hired people in the L&P department that were supposed to become Class 1 operators and for whatever reason they don't choose to be that. 15 years from now, whoever is on council, if these people are still employed, and they say gee I don't want to do that, there are going to be pick and shovel people standing on the ground making about \$32/hr. It seems to me if we are running a business we need Class 1 operators up on top of the poles that can work on high voltage. We are fortunate enough that we got a person at that price. We could have thrown the whole scale around again. What are we doing with 4 people still on the ground is the question. Why are we maintaining 9 cops? Are we maintaining 9 cops now to do mutual aid for Mahoning and Franklin Townships? They don't wish to spend money for police officers. If you look at that sheet we have 25 services that go to Franklin & Mahoning Townships

religiously. That means they are never in the borough. We are not policing Mahoning and Franklin we are policing the borough. Let's be honest, since they moved we have no idea what they are doing because we never see them on the streets. And that is probably about \$1.3 million for the police department and Nicole said yes, right around there yes. That is a big chunk of money.

President Hunsicker said that another problem is that some of our people have 5 week's vacation. The borough manager said that is the situation that we run into where we need extra people to replace those who are out. Councilor Rehrig said from what he is hearing that is something that needs to be negotiated into the contracts. Nowhere in the world that he knows of can 5 people decide they are taking off the month of December. He said that all the ladies in this building he is sure would like to have 3 days off at Christmas time to go shopping but that can't be done. So we have a maintenance, police and light department. Every year hunting comes and we have people that wish to hunt and save their vacation and they are not around to help us and that puts a burden on the borough. He doesn't have a problem giving raises but it's like a revolving door. We do this contract and 2 in the back sit and say look what they got so now we are going to go and do this. Then we are back to the middle then to the end now we are back to the beginning and look what those 2 got so now we got to really give it to them.

Councilor Kogut said he didn't know if this could be done internally but wondered if we couldn't do a management audit. You go through each department and figure out the work hours that are necessary to complete the task. If it takes 3 people then you need 3 people. He wondered if we ever looked at inefficiencies from when we computerized things or do we just keep staffing at the same level based on historical trends. President Hunsicker and Councilor Rehrig said just staff them. Councilor Rehrig said Grant and Darryl can all attest to this because they have all been on council a long time. The most demanding place we have in the borough is our public works because on any given day anything can happen. We can have 5 things scheduled for today and tomorrow morning something erratic could happen and they are all derailed to that project and everything else goes by the wayside. What has happened here of late is that; not that we don't have good people; we don't have good leadership because we start 5 projects and we finish none until somebody gets on somebody and it gets done. It shouldn't be that way. The supervisor is responsible and reports to the borough manager. If that supervisor doesn't function it is the responsibility of the borough manager to sit down with the person and say this is what needs to be done and if it isn't done then there is going to be consequences and if that doesn't work then it comes to council. Councilor Kogut said that it sounds like what we need to do is an internal audit to see if we have excesses that we could trim. Do we have one department where we have 12 people and we only need 6 but then transfer people over to somewhere else where we could be thin? President Hunsicker said the problem with that is that you can't transfer a maintenance person over into the police or even the electric department. Councilor Rehrig said we don't the person in the departments, in the positions of star supervisor that has the capability of researching that department and be able to send council a

detailed report of what they need and don't need. Councilor Rehrig calls it "fudging." They are just updating a 30 year old spreadsheet to conform to what is happening today. Councilor Rehrig went back to the police again. We can't put 2 people on the road. We have 1 person sitting in the station 6 hours not patrolling. We are not providing police protection. We might think we are but we are not. They are coming in and making sure that they put their 8 hours in which goes toward their 40 hours and then they wait for their paycheck. What are they doing to productively decrease crime? What are they doing productively to decrease traffic violations? What are they doing just everyday walking on the streets? They're not. He defies anybody to tell him when they saw the last police officer on the streets.

Councilor Kogut asked Nicole if she gets a report from each department weekly stating what they have each week and was told no. There is a monthly report given to council and she has a bi-weekly project list so she knows what is going on bi-weekly in each department as far as what is going to be accomplished and she can see items were not accomplished by what carries.

Councilor Rehrig said the 1st time he found out he was hoodwinked was about 6 years ago when we had a police secretary and then we hired another one and then it got a little rambunctious because the one person sat on council. Scott's understanding was that when that person came on board it would be 1 in the morning and 1 in the afternoon then they went on the buddy system and that was a tough nut to crack. You couldn't walk down the hall that they didn't know you were coming. President Hunsicker said the 2nd one was to be there when the other one took off. Councilor Rehrig said and they are making \$11/hr. part time. That should have freed up the police officer to get out of the building but it didn't. It gave them another body to talk too. Before we used to know what was going on because we would bump into them in the hall. His point is that we just can't pay people to do those things. They have to be accountable and they have to be productive.

Councilor Kogut asked Nicole since she worked with the budget this year and last year; does she see that we have the revenue vs. expenses that we are outlaying here? He said we can do a quote/unquote management audit of the personnel. We can sit there and say this department has 12 people. What are their functions? What type of work do they do? Productivity, look at milestones, etc. to get an idea whether those 12 people are necessary in that department or if 9 would do that. We also have to look at the other end of it rather than just the personnel angle. He thinks we have to look at our projects and spending to see if we are using that to the best in terms of allocation. A lot of things George would like to see he knows we are probably not going to be able to fund directly through here so he is looking to be innovative to try to find ways to fund things to get those projects moving forward. We have done things historically a certain way. What we may need to do is look outside the box and step back and look at our spending and revenues by looking at a line item. Go through that item and say are we using these to their most productive state. Are there things we could be cutting and are overlooking? Or are there ways we need to adjust our spending and put it in a better light. Do we need to audit, a comprehensive look at what we have, where we need to be because of

the budgets are getting tighter. Are there things we need to do now to help alleviate any budget crunches in the future?

The borough manager had a lot of responses to that. The borough has historically not increased taxes. The fire station project did require us to put general fund millage on but that has not been done since 2001. So consider all the costs that have gone up since 2001. We have found other ways to balance the budget. There are only so many ways to be creative in municipal government and a lot of the sources we have been pulling from have drained. We don't have access to the Justice grants like we used to 5 years ago. You don't have access to the WAM money. Councilor Rehrig told George that before Nicole and Kira came on board the council was told there were no worries. Then for 4 years, 30 days into the budget we were told there was no money, we are going broke. Nicole said that now you also have the most intensive budget this borough has ever seen. Everything is outlined for you, line item by line item so if she and Kira walked out of here tomorrow somebody would be able to pick up because they would know. Not too many places have a budget that looks like this. The fact that you continually do not put millage on you are not increasing that part of your revenue and are banking on your earned income tax. You bank on your local service tax which we have not adjusted. You bank on your real estate transfer tax which has decreased substantially with the economy. You are not really pulling to many more revenue lines. There are not too many other places beyond grant money that you can add. It is all based on the chart of accounts. We will go for whatever grants we can but most of them are matching grants. Where are we going to pull the matching money from? If you are not going to do cash you are going to do in kind which we may or may not have enough of and put them on the job to match the in kind services.

President Hunsicker said for years we have not stuck any money in the buildings and now we need to. The boilers are going and that all costs money. Fire Company #1 has 3 boilers to be replaced soon. There's so much stuff that should have been replaced over the years and just wasn't done that now it has to be.

Councilor Kogut suggested maybe like a reallocation. Traditionally you've had your revenues and expenses and all that but maybe if we look over this now and see what we haven't been doing in the past to see what can be moved and redistributed. It's almost like a reallocation. He understands that we need a certain level for expenses but are there expenses or something in here that can be reallocated or put towards say infrastructure.

Councilor Bird said we need to reduce the expenses. President Hunsicker asked if we reduce the expenses right now how are we going to repair everything that has to get done. You got to have money to keep producing better buildings and everything else. Councilor Rehrig said our employees have to have priorities. Our supervisors have to have accountability. Scott said that for 4 consecutive days he has been asked why school crossing guards sit in their cars. He is also asked why we do not see any police in the borough. The 3rd question he is religiously asked, and he visually sees it himself is, why does that white car have to have a driver with 3

people drinking coffee in the back seat while he is in talking to Nicole. Scott then asked how he is to answer that question. Nicole said that has been minimized. Scott said it is still going on though. That is called accountability. It is the duty of the supervisor to say this is what I want done and it better be done.

Nicole said we don't just have 1 or 2 buildings; we have 8 facilities that we manage and this is way more than any other municipality has that function where we function. No one likes a tax increase and she does not like to present one. The borough also hasn't had one on general fund millage in how many years. She calculated it before she came up along with the cuts to be prepared. A 1 mill tax increase on a house assessed at \$34,450 will result in a \$35 increase for the taxpayer. Nicole told Grant that was his house. She then told Scott his house will result in a \$70 increase. This is just to give everyone an idea. We provide more services than the school district, the county and yet we are still trying to function on this millage. \$35 is 10¢ a day for Grant. She knows it is painful and that is not where council wants to turn, but if you look at it in that light it isn't that much of an increase.

Councilor Arner asked if that was calculated on the assessed value or market price and was told it is the total assessed value divided by 1,000 times our millage. All the services the borough provides – public works, light & power, police, garbage collection, administration, 911 service, access to the ordinances online. We are going above and beyond.

Councilor Rehrig brought up the recreation department with one supervisor who runs the pool and the Rec Center. Confronts more people than some who have 7 under their command and he doesn't nearly get the same amount of money. All you hear are favorable things about him. He is doing an amazing job and he can do even better. We are still cheap. We cannot give things away in this borough anymore. An example, basketball is \$1,000 for the whole season. Some teams in high schools and gyms pay \$2,000 to partake. Football games get anywhere from a \$1,000 - \$1,500. All we charge for is lights and ask that you turn them off. They aren't all borough residents that use our facilities. We are very supportive of youth which is a good thing but we still can't give it away for free because we still have to maintain it, cut the fields, put grass there, and run the wires. Some people think because we sell power we don't have to buy it. That it's free. They don't realize we have to buy it and if we don't pay the bill the borough will be without power totally.

The borough manager said traditionally council has not had budget meetings but she felt compelled to have this meeting to specifically address the capital projects. We are going into all the other discussion but she needs to know what council wants. Do you want the budget as presented? Do you want her to make the cuts with no additional mills and fingers crossed do fine throughout the year with nothing major going wrong. An example is the furnace downstairs. There is a problem with it and she has to get it repaired. Grant said he was told 2 years ago that it had to be replaced. That is not going to be allocated. This isn't just the 2013 budget. You are looking beyond 2013, out.

Councilor Kogut said that the borough has a sterling credit rating he assumes. Couldn't we take out a loan to upgrade the facilities and then just pay it back while the interest rates are so low?

The borough manager said the departments do stay within their budgets. Councilor Bird asked about laying off employees. President Hunsicker said that costs money to lay people off and then the work doesn't get done.

Councilors Rehrig/Bird said they are not in favor of an increase. Councilor Bird wants balance.

Adjournment

Motion to go in to Executive Session for Personnel Reasons

None required.

Motion to go back into Public Session

Action on Any Items Necessary as a Result of Executive Session

Motion to Adjourn the Meeting

Councilors Rehrig/Arner made the motions to adjourn at 8:42 p.m. and all were in favor.

Brenda L. Koons
Borough Secretary